

## Message Text

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PAGE 01 PARIS 02651 271156Z  
ACTION ITC-01

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 TRSE-00 STR-04

CIAE-00 INR-07 NSAE-00 /033 W

-----271351Z 065910 /53

R 271217Z JAN 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 9191

UNCLAS PARIS 02651

E.O: LL652: N/A

TAGS: ETRD FR

SUBJECT: USITC INVESTIGATION OF PROBABLE ECONOMIC  
EFFECT OF MODIFYING U.S. TARIFF TREATMENT OF HIGH  
PRECISION WATCHES AND THE NEED TO PROTECT A DOMESTIC  
INDUSTRY.

REF: 1) STATE 263360, 2) PARIS A-36, 3) STATE 003896

1. EMBASSY HAS ENCOUNTERED CONSIDERABLE DIFFICULTY  
IN OBTAINING INFORMATION ON FRENCH WATCH INDUSTRY.  
WE HAVE CONTACTED SEVERAL TRADE ASSOCIATIONS, MANUFAC-  
TURERS AND A LARGE NUMBER OF DEALERS AND IMPORTERS.  
EVEN THOSE SELLING US ELECTRONIC WATCHES WERE MOST  
RELUCTANT TO GIVE ANY FIGURES OR INFORMATION ON WATCH

MARKET.

A. FOLLOWING FRENCH PRODUCTION STATISTICS WERE  
FINALY OBTAINED FROM FRENCH TRADE ASSOCIATION,  
"CHAMBRE FRANCAISE DE L'HORLOGERIE", 34 AVENUE  
DE MESSINE, 75008 PARIS:  
(MILLIONS OF WATCHES)  
(AND COMPONENTS) (THOUSANDS OF FFR.)

L972: L4.1 L2,775

L973: L5.9

L974: L6.7

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L975: L6.7

L976: (STATISTICS ARE NOT YET AVAILABLE)

B. NO DETAILED STATISTICS BY TYPE OF WATCHES  
ARE AVAILABLE. HOWEVER, IT IS ESTIMATED THAT  
IN L975, 9 OF TOTAL FRENCH PRODUCTION WAS  
ELECTRONIC. ALSO, THERE ARE ABSOLUTELY NO

PRODUCTION STATISTICS AVAILABLE FOR MOVEMENTS.

2. UNDER COVER OF REPAIR WE ARE FORWARDING:

- A. DETAILED DATA ON FRENCH IMPORTS OF WATCH COMPONENTS AND RAW MATERIALS;
- B. STATISTICS COVERING FRENCH EXPORTS OF WATCHES TO THE US (OBTAINED FROM THE FRENCH FINANCE MINISTRY);
- C. INFORMATION ON EXPANSION OF FRENCH MARKET FOR CONVENTIONAL AND NONCONVENTIONAL WATCHES FROM L97L TO L975;
- D. INFORMATION ON TARIFFS AND NON-TARIFF MEASURES AFFECTING FRENCH IMPORTS OF WATCHES;
- E. DETAILS ABOUT FRENCH WATCH INDUSTRY (EXPANSION ON PARAS 3 AND 4 BELOW).

3. IN L975, L06 FIRMS WERE ENGAGED IN PRODUCTION OF WATCHES, AND L84 IN MANUFACTURE OF COMPONENTS. CURRENTLY L4 WATCH MANUFACTURERS ACCOUNT FOR 76 OF TOTAL FRENCH SALES, AND 9 WATCH COMPONENT MANUFACTURERS ACCOUNT FOR 57 OF THE TOTAL FRENCH SALES. MARKET FOR ELECTRONIC WATCHES IS ESTIMATED AT L0 OF TOTAL L976 SALES VOLUME AND SHOULD REACH 20-25 IN L980.

4. US FIRMS HAVE MANUFACTURING FACILITIES IN FRANCE. FAIRCHILD HAS AN AGREEMENT WITH FRENCH COMPANY, YEMA, AND US WATCH COMPONENTS ARE MOUNTED IN FRANCE, TEXAS INSTRUMENTS IS MANUFACTURING ELECTRONIC WATCH COMPO- UNCLASSIFIED

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NENTS IN FRANCE; FIRM ALSO SIGNED A COOPERATION AGREEMENT WITH FRENCH COMPANY, MONTRELEC, WHICH HAS RECEIVED FINANCIAL ASSISTANCE OF 4.5 MILLION FRANCS FROM GOF IN L976. IT IS ESTIMATED THAT MONTRELEC WILL PRODUCE L00,000 ELECTRONIC WATCHES IN L977. MONTRELEC WILL ALSO IMPORT FROM US FIRM, AMI, AND FROM GERMAN COMPANY, EUROSIL, LIQUID CRYSTAL DISPLAYS. US FIRM, MOTOROLA, HAS A SUBSIDIARY IN FRANCE. US DELAT WATCHES ARE SOLD IN FRANCE BY SIPEL.

5. INFORMATION REQUESTED IN REFTEL C RELATIVE TO ELECTRONIC COMPONENTS WILL BE FORWARDED BY SEPTEL RUSH.

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## Message Attributes

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